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VIA EFILING

August 15, 2008

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Annual Review of Base Rates for Fuel Costs of Duke Energy Carolinas, LLC
Docket No. 2008-3-E

Dear Mr. Terreni,

The Office of Regulatory Staff would respectfully inform the Commission that the parties have reached an agreement in principle in the above referenced docket.

The parties intend to file an executed copy of the Settlement Agreement and supporting settlement testimony consistent with the Commission's settlement procedures. Please do not hesitate to contact me should you have any questions.

Sincerely,


Jeffrey M. Nelson

cc: Parties of Record